G034000

PROSPECTUS

GAF Corporation

580,000 Shares*

MAY 22 1972

Common Stock 2-21550

(Par Value $1.00 Per Share) RECD - S.E.C.

MAY 15 1972

88,960 Shares*

$1.20 Convertible Preferred Stock

(Par Value $1.00 Per Share)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

STOCK OPTION PLAN

Options of The Ruberoid Co., a New Jersey corporation ("Ruberoid") assumed by GAF Corporation ("GAF") pursuant to an Agreement dated March 23, 1967

This Prospectus is applicable to the offer and sale of shares of GAF's Common Stock to optionees in accordance with the terms of the options granted or to be granted them under the Stock Option Plan, to the offer and sale of GAF's $1.20 Convertible Preferred Stock in accordance with the terms of assumed options, to the issuance of GAF's Common Stock upon conversion of such Preferred Stock, and to resales or offers, if any, of any such shares by optionees or their transferees for the reason that it might be deemed, GAF not so conceding, that any optionee or his transferee may be an underwriter as defined in the Securities Act of 1933, as amended, with respect to any such shares as may be purchased by him and that he may effectuate sales of such stock under circumstances requiring a prospectus. GAF's Common Stock and $1.20 Convertible Preferred Stock are listed on the New York Stock Exchange.

The date of this Prospectus is May 1, 1972.

* In addition to such shares, this Prospectus covers an indeterminate number of shares of GAF's Common Stock which, by reason of certain events specified in the Plan and assumed options, may become issuable under the Plan, under such options, or pursuant to anti-dilution provisions of the $1.20 Convertible Preferred Stock.

MAY 17 1972

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Except where otherwise indicated, this Prospectus speaks as of its date of issue, and neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of GAF since the date hereof.

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No person has been authorized by GAF to give any information or to make any representations not contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been so authorized. This Prospectus does not constitute an offer of GAF's $1.20 Convertible Preferred Stock or Common Stock in any State or other jurisdiction to any person to whom it is unlawful to make such offer in such State or other jurisdiction.

GAF CORPORATION

STOCK OPTION PLAN AND ASSUMED OPTIONS

This Prospectus relates to shares of Common Stock of GAF to be issued upon the exercise of options which have been or may be granted to key employees of GAF and its subsidiaries pursuant to its Stock Option Plan (the "Plan"). The Plan was adopted by the Board of Directors of GAF on March 31, 1965 and approved at a special meeting of stockholders on June 15, 1965. This Prospectus also covers shares of $1.20 Convertible Preferred Stock ("Convertible Preferred") issuable pursuant to options originally granted by Ruberoid, which were assumed by GAF in connection with the merger of Ruberoid into GAF on May 26, 1967, and shares of Common Stock into which the Convertible Preferred is convertible. As used herein, the term "GAF" refers to GAF Corporation and its subsidiaries, unless the context otherwise requires.

The Plan and the assumed options are designed to encourage stock ownership by key employees. The Plan's objectives are to provide an increased incentive for employees to promote the well-being of GAF, and to facilitate the efforts of GAF to secure and retain employees of outstanding ability.

The principal provisions of the Plan and its method of operation are set forth below. This summary does not purport to be complete and is subject in all respects to the provisions of the Plan.

The principal executive offices of GAF are located at 140 West 51 Street, New York, New York 10020, telephone (212) 582-7600.

Administration of the Plan

The Plan is administered by a Stock Option Committee (the "Committee") of three or more members, appointed by the Board of Directors from those of its members not eligible to receive options. The Committee consists of T. Roland Berner, Rainer E. Gut, Bailey K. Howard and Wm. Peyton Marin.

The Committee also administers assumed options. See "Assumed Options" hereunder.

Shares Available for Distribution

The Plan authorizes the granting of options to purchase a maximum of 580,000 shares of GAF's Common Stock.

In the event of a reorganization, recapitalization, stock split, stock dividend, merger, consolidation, combination of shares or any other change affecting GAF's Common Stock, the Committee may make, subject to the approval of the Board of Directors, such changes as it believes appropriate in the number and kind of shares subject to options under the Plan and in the number, price and kind of shares covered by options granted under the Plan.

The optioned shares are to be made available from either authorized and unissued shares or shares issued and reacquired by GAF. GAF is authorized to issue 25,000,000 shares of Common Stock, of which 13,673,801.5 shares were issued and outstanding on April 17, 1972 and 6,000,000 shares of Preferred Stock, of which 3,150,493 shares were issued and outstanding on April 17, 1972.

If any option granted under the Plan expires or terminates for any reason without having been exercised in full, the unpurchased shares subject to the option may again be used for purposes of the Plan.

Options under the Plan may be granted from time to time during a period of ten years from March 31, 1965, the date of the approval of the Plan by the Board of Directors.

Proceeds from the sale of shares upon the exercise of any option will be used for GAF's general corporate purposes.

Eligibility

Key employees of GAF and its subsidiaries are eligible to receive options under the Plan. Members of the Board of Directors who are not officers or employees of GAF are not eligible.

The selection of eligible employees to receive options is made by the Committee, which is advised by the Chairman of the Board and President, except in the case of an option to be granted to him. Awards of options are based in each case on the Committee's evaluation of an employee's past or potential contribution to GAF.

Extent of Participation

The Committee determines the number of shares to be optioned to any employee, the dates of the option grants and the terms and conditions governing the options. There is no stated maximum or minimum number of shares which may be issued under the Plan to any one eligible person or group of persons.

Option Price and Duration

The option price at which shares of Common Stock may be purchased under the Plan may not be less than 100% of the fair market value of the shares on the date the option is granted.

Options granted under the Plan expire not later than five years from the date of grant.

Exercise of Option

The Committee determines whether an option granted under the Plan will be exercisable immediately as to all shares covered by the option or in installments. Options granted since March 10, 1968 may not be exercised unless the optionee has remained in the continuous employ of GAF for a period of one year after the date of grant.

To exercise an option, an optionee must deliver to GAF a duly signed notice in writing accompanied by payment in full of the purchase price. The optionee may not resell any shares so acquired except in compliance with the Securities Act of 1933, as amended.

GAF is not committed under options granted under the Plan to deliver any shares until they have been properly listed on the New York Stock Exchange and until there has been compliance with all applicable laws, rules and regulations, including the Securities Act of 1933, as amended.

No option granted under the Plan and no assumed option granted by Ruberoid after January 1, 1964 may be exercised while there is outstanding (within the meaning of Section 422 of the Internal Revenue Code) any qualified or restricted stock option which was granted to the optionee prior to the date of grant of such option and which is exercisable at a price higher than the exercise price of such option.

Transferability of Options

An option granted under the Plan may not be transferred except by will or the laws of descent and distribution. During the lifetime of an employee to whom an option is granted, the option may be exercised only by him.

Termination of Employment

On termination of employment for any reason except death, an employee to whom an option is granted may, at any time within three months after the date of termination, but not later than the date of expiration of the option, exercise the option to the extent he was entitled to do so on the date of termination.

If an employee to whom an option is granted dies while in the employ of GAF or within three months after termination of employment, the person or persons to whom the option is transferred by will or the laws of descent and distribution may, at any time within one year after the date of death but not later than the date of expiration of the option, exercise the option to the extent the employee was entitled to do so on the date of death or termination of employment, whichever was earlier.

Any options of deceased or former employees which have not been exercised within the time limits specified above will terminate.

Termination or Amendment of the Plan

The Board of Directors may alter, suspend or discontinue the Plan. It may not, however, make any alteration (except as specified under the subheading "Shares Available for Distribution") which would affect an option previously granted, or an assumed option, without the consent of the holder. Furthermore, without the approval of the stockholders of GAF, the Board may not increase the aggregate number of shares subject to option (except as specified under the subheading "Shares Available for Distribution"), decrease the minimum option price, permit any member of the Committee to become eligible for options under the Plan, or extend the term of the Plan or the maximum period during which any option may be exercised.

Rules and Regulations and Decisions of the Committee

The Committee may adopt rules and regulations and make determinations and interpretations with respect to the administration of the Plan. Any rules and regulations adopted by the Committee are intended to be for its own guidance and may be amended or revoked at any time in the Committee's discretion.

Assumed Options

On May 26, 1967, Ruberoid was merged into GAF, and GAF assumed all of Ruberoid's obligations with respect to options outstanding under Ruberoid's existing Incentive Stock Option Plan, as amended (the "Ruberoid Plan"), which was approved by resolutions of Ruberoid's Board of Directors and stockholders in 1957 and again in 1965. GAF assumed Ruberoid options held by each optionee-employee who accepted employment by GAF. Each such optionee became entitled, for the same consideration called for under the original Ruberoid option (or as nearly the same as possible to meet the requirements of Section 425 (a) of the Internal Revenue Code) to purchase one share of GAF's Convertible Preferred for each share of Ruberoid capital stock under option at the date of assumption. At the date of the Ruberoid merger, options to purchase an aggregate of 88,960 shares of Ruberoid capital stock were outstanding under the Ruberoid Plan, of which 51,920 shares were issuable upon the exercise of restricted stock options and 37,040 shares were issuable upon exercise of qualified stock options. An aggregate of 88,960 shares of GAF's Convertible Preferred was reserved for issuance pursuant to the assumed Ruberoid options at an average purchase price of $17.35 per share. From the date of the merger to April 3, 1972, 78,172 shares of Convertible Preferred were purchased pursuant to the exercise of the assumed Ruberoid options and options relating to 10,088 shares were cancelled as a result of termination of employment or expiration of options, leaving 700 shares reserved at that date for the exercise of restricted stock options. Each share of Convertible Preferred is convertible by the holder thereof at any time into 1.25 shares of GAF's Common Stock. GAF has reserved shares of Common Stock for issuance upon conversion of the Convertible Preferred issuable upon exercise of assumed options. The expiration date of the outstanding assumed options is May 21, 1973.

Options granted under the Ruberoid Plan prior to January 1, 1964 were for a period of ten years from the date of grant at an exercise price of not less than 95% of the fair market value of Ruberoid capital stock based on the New York Stock Exchange closing price on the trading day preceding the date of grant. Options granted subsequent to December 31, 1963 were for a period of five years at an exercise price equal to 100% of the market value on the date of grant. In each case the consideration for the grant was the optionee's agreement to remain in Ruberoid's employ for a period of at least two years from the date of the option agreement. Under the Ruberoid Plan no more than 5% of the total shares available under the Ruberoid Plan could be optioned to one individual.

Optionees receiving options under the Ruberoid Plan after December 31, 1963 may not exercise the option as to more than 40% of the shares covered thereby in each of the first and second years after the date of grant, but such rights to exercise are cumulative for the entire option period.

The information herein with respect to options under GAF's Plan concerning termination of employment, death and assignment applies equally to the assumed options. Holders of assumed options are protected against dilution resulting from stock dividends and similar changes.

The data concerning the assumed options were adjusted to reflect Ruberoid's December 1966 2-for-1 stock split.

Tax Effects

The assumed options granted by Ruberoid prior to January 1, 1964 are intended to qualify as "restricted stock options" under Section 924 of the Internal Revenue Code, as amended. Options granted under the Plan and assumed options granted by Ruberoid subsequent to December 31, 1963 are intended to qualify as "qualified stock options" under Section 422 of such Code. Under the present provisions of such Code, if shares are issued upon the exercise of a restricted stock option having an exercise price at least equal to 95% of the value of such shares on the date the option was granted, and if no disposition of such shares is made by the optionee within two years and one day from the granting of the option, or within six months and one day after the date of issuance of such shares to him, then (1) no income will be realized by the optionee on the exercise of the option or on the sale and issuance of the shares to him (with the exception of any tax or tax preferences, referred to below); (2) when such shares are sold by the optionee any amount realized in excess of the option price will be treated as a long-term capital gain; (3) any loss will be treated as a long-term capital loss; and (4) no deduction will be allowable to GAF for Federal income tax purposes in connection with the grant or exercise of an option. However, if an optionee disposes of shares obtained by him pursuant to the exercise of a restricted stock option prior to the expiration of such six-month or two-year periods, he will realize income taxable as compensation in the year of such disposition equal to the difference between the purchase price under the option and the market value of the shares on the date of issuance to him, and GAF will be entitled to a tax deduction in the same year and in the same amount. Each qualified stock option is accorded, in general, the same tax treatment as described for restricted stock options if no disposition of the shares issued upon exercise is made by the optionee within three years from the day after the date of issuance of the shares to him. If shares obtained through exercise of a qualified stock option are disposed of prior to the expiration of such three-year period, the optionee will realize income taxable as compensation in the year of disposition equal to the difference between the purchase price under the option and the market value of the shares on the date of issuance to him or, if such sale is to an unaffiliated third party in a transaction in which a loss, if realized, would be recognized, the amount realized on such disposition, whichever is less. In the event of any such disqualifying disposition, GAF will be entitled to a deduction equal to the ordinary income recognized by the optionee.

Effective January 1, 1970, provisions were added to the Internal Revenue Code that (i) impose a tax, in addition to other taxes imposed by the Code, equal to 10% of the amount (if any) by which the sum of certain "tax preference items" enumerated in Section 57 of the Code exceed $30,000 plus the Federal income tax otherwise imposed upon the taxpayer for the taxable year (and, under certain circumstances, for certain prior years), and (ii) limit the maximum tax on earned taxable income to 50% (for 1972 and subsequent years) but reduce the earned taxable income eligible for such maximum tax by the sum of the tax preference items for such year (or one-fifth of the sum of such tax preference items for such year and the four preceding years, if higher) minus $30,000. Included in such tax preference items are one-half of an employee's realized net long-term capital gains (including such gains, if any, from the sale of restricted or qualified stock option shares) and the amount by which the fair market value of shares purchased pursuant to the exercise of a qualified stock option or a restricted stock option exceeded the option price at the time of exercise.

The above is a summary only and reference is made to the Internal Revenue Code, as amended, for a complete statement of the relevant provisions.

Options Outstanding

The following table sets forth information as of April 3, 1972 with respect to options which have been granted by GAF under the Plan:

No. of Shares Under Option	Number of Optionees	Expiration Date of Options	Exercise Price Per Share	Market Value of Shares as of April 3, 1972
5,500	3	Jan. 10, 1973	$22.81	$ 134,062.50
65,250	40	Jan. 25, 1973	22.19	1,590,468.75
38,750	55	Sept. 3, 1973	25.375	944,531.25
31,300	47	Nov. 4, 1974	17.313	762,937.50
15,500	28	Sept. 1, 1975	10.1875	377,812.50
2,000	1	Sept. 14, 1975	11.00	48,750.00

Directors and Officers—Stock Options

The options outstanding as of April 3, 1972 under the Plan, and assumed options, with respect to each director, and each of the three highest paid officers as of such date of GAF whose aggregate direct remuneration in 1971 was over $30,000 (one of whom had no options outstanding as of such date), and all directors and officers of GAF as a group, are as follows:

Name of Individual or Identity of Group	Number of Shares Under Option	Exercise Price Per Share	Expiration Date of Options	Market Value of Shares as of April 3, 1972
Jesse Werner	25,000	$22.19	January 25, 1973	$ 609,375.00
Philip B. Dalton	10,000	22.19	January 25, 1973	273,750.00
All officers and directors as a group	3,500	22.81	January 10, 1973	85,312.50
	47,500	22.19	January 25, 1973	1,157,812.50
	5,000	25.375	September 3, 1973	121,875.00
	11,000	17.313	November 4, 1974	268,125.00
	2,500	10.1875	September 1, 1975	60,937.50
	2,000	11.00	September 14, 1975	48,750.00
	600*	13.50	May 21, 1973	18,375.00

* Convertible Preferred.

CERTAIN SIGNIFICANT DEVELOPMENTS SINCE 1965

GAF is engaged in the manufacture and sale of [illegible] chemicals, [illegible] building materials, [illegible] reproduction equipment and sensitized products, [illegible] business systems, [illegible] photographic products and [illegible] industrial [illegible] materials.

In April 1966 GAF acquired for cash three associated companies: Burkart Schier Chemical Company, [illegible] Chemicals, Inc., and Southeast Polymers, Inc. Each of these companies was engaged in some aspect of serving the southern textile industry with particular emphasis on the carpet industry. All three companies have since been absorbed into GAF.

During 1966 GAF acquired for cash all of the stock of Hall Harding Limited, a British corporation in the reproduction field. On January 1, [illegible] the name Hall Harding Limited was changed to GAF (Great Britain) Limited.

In October 1966, in exchange for 1,125,463 shares of Common Stock, GAF acquired the assets and business of Sawyer's Inc., an Oregon corporation engaged in the design, manufacture and sale of photographic slides, slide and movie projectors and slide viewers.

In December 1966 GAF sold through underwriters $50,000,000 aggregate principal amount of [illegible] Sinking Fund Debentures due December 1, 1991. The Debentures are entitled to mandatory sinking fund payments commencing in 1972 of $2,[illegible] annually and are redeemable by GAF at prices set forth in the related Indenture, except that prior to December 1, 1976 no redemption may be made from [illegible] anticipation of moneys borrowed at an interest cost to GAF of less than [illegible].

In May 1967 GAF's certificate of incorporation was amended to increase authorized Common Stock from 20,000,000 to 25,000,000 shares and to authorize the issuance of 6,000,000 shares of Preferred Stock and a series thereof designated $1.20 Convertible Preferred Stock initially consisting of 3,[illegible] shares.

In May 1967 GAF purchased 1,090,200 shares of capital stock of Ruberoid (approximately 29% of Ruberoid's outstanding stock) for cash at a price of $27.50 per share, or an aggregate of $29,980,500.

In May 1967 Ruberoid was merged into GAF which is the surviving corporation and the aforementioned 1,090,200 shares of capital stock of Ruberoid were thereupon cancelled. Ruberoid was engaged in manufacturing, mining, distributing and selling various building materials, industrial products and floor coverings. In connection with the merger, GAF issued to the stockholders of Ruberoid 3,095,382 shares of Convertible Preferred. Each share of Convertible Preferred may be converted by the holder thereof at any time into 1.25 shares of GAF's Common Stock.

In June 1967 GAF purchased by tender offer substantially all of the stock of Shelby Business Forms, Inc., an Ohio corporation engaged in the manufacture and marketing of printed business forms.

In April 1968 GAF's name was changed from General Aniline & Film Corporation to GAF Corporation.

In June 1968 GAF acquired for cash all of the capital stock of Camsales Limited and International Camera Imports Limited, Canadian corporations which since 1946 have been exclusive distributors of Sawyer's products in Canada.

In June 1969 GAF acquired for approximately $9,000,000 all the capital stock of The L. L. Cook Company, a Wisconsin corporation, and CoMo Photo Company, an Iowa corporation, which were engaged in the photo finishing business in the midwest. The acquired companies were merged into GAF at the end of such year.

In June 1969 GAF sold to The Chase Manhattan Bank (National Association), as Trustee or Agent for Various Accounts, $50,000,000 aggregate principal amount of 5% Convertible Subordinated Notes, due April 1, 1994 and convertible into Common Stock at the price of $27.50 per share. On April 1 of 1990 through 1993, GAF is required to prepay 20% or more of the aggregate principal amount of the Notes outstanding on February 1, 1990. GAF may make an optional prepayment, without premium, in each of such years equal to the mandatory prepayment, and, commencing in 1979, may prepay the Notes in payments of $1,000,000 or more at prices set forth in the related Loan Agreement.

In March of 1971, GAF acquired the thirteen consumer photo finishing plants and the business and assets relating thereto of Cadence Industries Corporation, for a cash purchase price of approximately $15,000,000 and the assumption of certain liabilities in connection with such business.

GAF acquired, for cash in 1969, a 60% ownership in Consolidated Reprographics, Ltd., an Australian company engaged in the manufacture of sensitized materials and importation and sale of drawing office supplies. The ownership was subsequently increased to 100% (effectively) at December 31, 1971 through cash purchases of stock from minority stockholders.

In March 1972 GAF acquired the assets and business of M. Ames Chemical Works, Inc., a small manufacturer primarily of silver nitrate, which is used in the photographic and other industries.

PRICE RANGES OF COMMON STOCK AND CONVERTIBLE PREFERRED

GAF's Common Stock is listed on the New York Stock Exchange. The table below shows for the indicated periods the high and low sales prices of the Common Stock on the New York Stock Exchange.

	Sales Prices	
	High	Low
1967	27⅛	18⅝
1968	33⅜	18¼
1969	31⅛	14¾
1970	16⅞	7¼
1971	24⅝	12⅜
1972 (to April 3)	27	22¼

The closing sale price of the Common Stock on the New York Stock Exchange on April 17, 1972 was $26 per share.

GAF's Convertible Preferred is listed on the New York Stock Exchange. It was admitted to trading on May 29, 1967. The table below shows for the indicated periods the high and low sales prices of the Convertible Preferred on the New York Stock Exchange since that time.

	Sales Prices	
	High	Low
1967 (May 29 to December 31)	31¼	25⅝
1968	43¼	25⅜
1969	41	21⅝
1970	25¼	15
1971	31⅛	20
1972 (to April 3)	33⅞	28¼

The closing sale price of the Convertible Preferred on the New York Stock Exchange on April 17, 1972 was $32⅛ per share.

DESCRIPTION OF COMMON STOCK

The authorized capital stock of GAF consists of 25,000,000 shares of Common Stock, par value $1 per share, and 6,000,000 shares of Preferred Stock, par value $1 per share.

All outstanding shares of Common Stock rank equally as to voting rights, dividends and upon liquidation and are fully paid and nonassessable. The Common Stock is not entitled to any preemptive rights and is not subject to redemption. Except as set forth under "Description of Convertible Preferred—Voting Rights", Common and Convertible Preferred vote together as one class.

Based upon GAF's stock records and upon information furnished to GAF, no person owns of record, or is known by GAF to own beneficially, more than 10% of GAF's Common Stock.

The payment by GAF of dividends, other than dividends payable in GAF's capital stock, is subject to restrictions imposed by certain instruments relating to GAF's long-term debt. Under the most restrictive of these provisions approximately $206,000,000 of GAF's consolidated retained earnings at December 31, 1971 was not available for dividends. The payment of dividends by GAF on its Common Stock will also be subject to prior payment of cumulative dividends of $1.20 per share per annum on the Convertible Preferred. On August 15, 1971 the President of the United States announced a new economic policy. On November 14, 1971 "Phase II" of the President's new economic policy went into effect. In connection with Phase II of such policy, a Government Committee on Interest and Dividends established on November 15, 1971 a voluntary guideline that cash dividends paid on common stock in 1972 should not exceed by more than 4% the highest aggregate annual cash payment per share in any of the paying company's fiscal years ending in 1969, 1970 or 1971.

In December 1971 the President signed into law a bill which, among other things, extended until April 30, 1973 the Economic Stabilization Act of 1970 which is the enabling legislation for the new economic policy.

Otherwise GAF may pay dividends on its Common Stock out of funds legally available.

DESCRIPTION OF CONVERTIBLE PREFERRED

Dividend and Liquidation Rights

The holders of the Convertible Preferred are entitled to receive, prior to the payment of dividends on Common Stock, cumulative cash dividends at the rate of $1.20 per share per annum. Upon any voluntary or involuntary liquidation, dissolution or winding up, before any distribution may be made to the Common stockholders, the holders of the Convertible Preferred shall be entitled to receive $27.50 per share plus an amount equal to all accrued and unpaid dividends.

Voting Rights

Each holder of the Convertible Preferred is entitled to one vote for each share held. Except as set forth below, the Convertible Preferred and Common Stock vote together as one class.

If dividends are in arrears on the Convertible Preferred in an aggregate amount at least equal to six quarterly dividends, the holders of the Convertible Preferred voting as a class will be entitled to elect two directors until all arrears in dividends have been paid and dividends for the current quarterly period have been declared or paid.

The consent of the holders of at least two-thirds of the Convertible Preferred is necessary to authorize, or increase the authorized amount of, any class of stock of GAF ranking prior to the Convertible Preferred as to dividends or assets or to change any of the provisions of GAF's Certificate of Incorporation so as to affect materially any of the powers, preferences and rights of the Convertible Preferred. The consent of the holders of at least the majority of the Convertible Preferred is necessary to increase the authorized number of shares of Preferred Stock or authorize, or increase the authorized number of, shares of stock of equal rank.

Redemption Provisions

The Convertible Preferred is callable for redemption on and after June 1, 1972, in whole or in part, at the option of GAF on 30 days' notice, at $30.00 per share through May 31, 1973, $29.50 per share thereafter and through May 31, 1974, $29.00 per share thereafter and through May 31, 1975, $28.50 per share thereafter and through May 31, 1976, $28.00 per share thereafter and through May 31, 1977 and $27.50 per share thereafter, plus, in each case, an amount equal to accrued and unpaid dividends to the redemption date.

Conversion Rights

Each share of Convertible Preferred is convertible into GAF Common Stock at the rate of 1.25 shares of Common Stock for each share of Convertible Preferred. The conversion rate is subject to adjustment from time to time upon the occurrence of specified events in order to prevent dilution of the appropriate number of Common shares to be received upon conversion. No fractional shares will be issued upon conversion, but any fractions will be adjusted in cash on the basis of market value. No adjustments will be made upon conversion in respect of any accrued but unpaid dividends.

General

The Convertible Preferred is not liable for further calls or subject to assessment. It has no preemptive or other subscription rights.

Redeemed or converted shares of Convertible Preferred will have the status of authorized and unissued shares of Preferred Stock.

Non-Cumulative Voting

The Common Stock and the Convertible Preferred do not have cumulative voting rights, which means that the holders of shares casting more than 50% of the votes for election of directors can elect 100% of the directors if they so choose, and in such event the holders of the remaining shares casting less than 50% of the votes for the election of directors will not be able to elect any person to the Board of Directors.

FINANCIAL STATEMENTS—EXPERTS

GAF's Annual Report to its stockholders for the year ended December 31, 1971, a copy of which has been furnished to the Securities and Exchange Commission as Exhibit 5(aaaaa) to the Registration Statement, contains on pages 27 through 38 the opinion of Haskins & Sells, independent certified public accountants, the consolidated balance sheet as of December 31, 1971 and 1970, statements of consolidated income, shareholders' equity, and changes in consolidated financial position for the two years ended December 31, 1971, and notes to consolidated financial statements. Such accountants' opinion, financial statements, and notes to consolidated financial statements are incorporated herein by reference. A copy of the aforementioned Annual Report, together with this Prospectus, will be furnished to each participant in the Plan and each holder of assumed options.

The financial statements of GAF Corporation and consolidated subsidiaries included, or incorporated by reference, in this Prospectus have been examined by Haskins & Sells, independent certified public accountants, as stated in their opinions appearing or incorporated herein, and have been so included or incorporated in reliance upon such opinions given upon their authority as experts in accounting and auditing.

LEGAL OPINION

The legality of the shares of Common Stock and Convertible Preferred to which this Prospectus relates has been passed upon on behalf of GAF by Messrs. Winthrop, Stimson, Putnam & Roberts, 30 Rockefeller Plaza, New York, New York 10020.

GAF CORPORATION
AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME

The following five-year statement of consolidated income (see Note A) has been examined by Haskins & Sells, independent certified public accountants, as stated in their opinion included elsewhere in this Prospectus. This statement should be read in conjunction with the consolidated financial statements and the notes thereto appearing in the Annual Report to stockholders, referred to under "Financial Statements — Experts" in this Prospectus.

	Year Ended December 31,				
	1971	1970	1969	1968	1967
	(In Thousands of Dollars)				
Revenues:					
Net sales (Note B)	$683,762	$583,482	$592,066	$554,264	$504,584
Other income—net	1,601	1,651	1,872	1,911	2,749
	685,363	585,133	593,938	556,175	507,333
Cost and Expenses:					
Cost of products sold (Note B)	477,236	419,844	417,302	385,121	356,115
Distribution and selling (Note B)	112,216	100,306	101,272	91,995	81,072
Research and development	12,649	12,656	13,261	12,291	12,368
Administrative and general (Note B)	31,229	22,430	21,315	19,752	20,218
Interest on borrowed capital (Note E)	10,359	11,641	10,712	8,292	6,340
Operating loss (income) of discontinued operations (Note B)	4,343	2,644	976	157	(2,221)
	648,032	569,521	564,838	517,608	473,892
Income before Taxes, Minority Interest and Extraordinary Items	37,331	15,612	29,100	38,567	33,441
Provision (Credit) for Federal and Foreign Income Taxes (Note G):					
Current	11,384	2,681	6,336	15,206	10,993
Deferred	4,531	4,890	5,375	384	2,829
Deferred investment tax credit	(689)	(567)	2,147	1,745	308
	15,226	7,004	13,858	17,335	14,130
Income before Minority Interest and Extraordinary Items	22,105	8,608	15,242	21,232	19,311
Minority Interest	198	215	—	—	350
Income Before Extraordinary Items	21,907	8,393	15,242	21,232	18,961
Extraordinary (Charges) Credits (Note B)	(8,433)	6,300	(4,174)	—	—
Net Income (Notes D and G)	$ 13,474	$ 14,693	$ 11,068	$ 21,232	$ 18,961
Depreciation, amortization and depletion charged to cost and expenses	$ 23,393	$ 20,923	$ 19,973	$ 17,885	$ 17,024
Earnings applicable to Common Stock:					
Net income, as above	$ 13,474	$ 14,693	$ 11,068	$ 21,232	$ 18,961
Less Preferred Stock dividend requirements (Note C)	3,802	3,795	3,793	3,774	3,753
Earnings applicable to Common Stock	$ 9,672	$ 10,898	$ 7,275	$ 17,458	$ 15,208

(Statement of Consolidated Income continued on following page)

	Year Ended December 31,				
	1971	1970	1969	1968	1967
Earnings per common share (Note C):					
Income before extraordinary items	$1.33	$ .34	$ .85	$1.31	$1.14
Extraordinary items	(.62)	.46	(.31)	—	—
Net income	$ .71	$ .80	$ .54	$1.31	$1.14
Earnings per common share—assuming full dilution (Note C):					
Income before extraordinary items	$1.19	$ .38	$ .83	$1.23	$1.10
Extraordinary items	(.43)	.41	(.28)	—	—
Net income	$ .76	$ .79	$ .55	$1.23	$1.10
Cash dividends declared:					
Per preferred share	$1.20	$1.20	$1.20	$1.20	$ .86⅓
Per common share	$ .40	$ .40	$ .40	$ .40	$ .40
Weighted average number of shares of Common Stock outstanding (in thousands)	13,609	13,594	13,499	13,346	13,339

Note A:

The statement of consolidated income includes for all periods amounts applicable to The Ruberoid Co. and its subsidiary. Ruberoid was acquired in 1967 on the basis of 26.1% (acquired by GAF for cash) being accounted for as a purchase and the remaining 73.9% (acquired by GAF in exchange for shares of $1.20 Convertible Preferred Stock) being accounted for as a pooling of interests.

The results of operations of Shelby Business Forms, Inc., purchased in June 1967, The L. L. Cook Company and CoMo Photo Company, purchased in June 1969, certain photo finishing plants and the business and assets relating thereto, purchased in March 1971, and Helioprint Hellas, S.A., a Greek subsidiary, purchased in July 1971, have been included in the statement of consolidated income from the dates of acquisition. These acquisitions did not significantly affect revenues or net income in the years of acquisition.

The results of operations of Consolidated Reprographics Ltd., an Australian subsidiary, in which a 60% ownership was acquired in 1969 and subsequently increased to 100% (effectively) at December 31, 1971, are included in the statement of consolidated income for 1970 and 1971. GAF's equity in the net income of this subsidiary for the period prior to consolidation (last six months of 1969), $61,000, is included in Other Income for 1970.

Prior to 1970, the fiscal years of GAF's foreign subsidiaries generally ended on November 30. In 1970, the fiscal year-end of most of these subsidiaries was changed to December 31, and the 1970 statement of consolidated income includes the results of their operations for the thirteen months then ended. The consolidated net income of such companies for the thirteenth month is not significant in relation to consolidated net income. The translation into U. S. dollars of the accounts of foreign subsidiaries resulted in a net gain of $992,000 for 1971. The net gain for 1971 is attributable principally to the weakening in the exchange rate of the U. S. dollar which occurred in that year and has been treated as an extraordinary credit. The statement of consolidated income includes the following amounts with respect to foreign subsidiaries:

	Year Ended December 31,				
	1971	1970	1969	1968	1967
	(In Thousands of Dollars)				
Revenues	$65,040	$61,491	$43,149	$35,405	$31,300
Income before extraordinary items	3,126	2,051	1,224	1,296	1,007
Extraordinary items	1,153	3,923	—	—	—
GAF's equity in net income of foreign subsidiaries	4,279	5,974	1,224	1,296	1,007

(Notes continued on following page)

GAF has a 49% interest in Chemical Developments of Canada, Limited (CDCL) which was acquired when that company was formed in 1949. Prior to 1971 this investment was included in Other Investments and Advances at a nominal value, and dividends paid by CDCL were included in Other Income as received. During 1971 GAF adopted the equity method of accounting for the investment in CDCL. The statement of consolidated income for years prior to 1971 was not restated to include therein GAF's equity in earnings of CDCL applicable to those years since the amount thereof is not material. GAF's equity in the earnings of CDCL for the eleven months ended November 30, 1971, $146,000, is included in Other Income, and 1971 dividends received from CDCL, $49,000, were applied to reduce the investment account.

NOTE B:

Extraordinary (charges) credits consist of the following:

Year ended December 31, 1969:	
Provision for estimated loss on disposal of certain plant facilities and related costs, less estimated applicable income taxes, $3,331,000	$ (4,174,000)
Year ended December 31, 1970:	
Net gain on sale of Texas Amiben production facilities, abandonment of related production facilities, and renegotiation of the Amiben supply contract, less estimated applicable income taxes, $1,044,000	$ 2,377,000
Net gain on sale of headquarters of English subsidiary, less estimated applicable income taxes, $143,000	3,923,000
Total	$ 6,300,000
Year ended December 31, 1971:	
Provision for estimated loss on disposal of certain plant facilities and related costs, less estimated reduction of state and local income taxes, $477,000	$(18,975,000)
Less estimated credits (provision) for Federal income taxes and investment tax credit:	
Current	716,000
Deferred	8,570,000
Excess of investment tax credit recapture over unamortized deferred investment tax credit, $804,000	(13,000)
Total	9,273,000
Estimated net loss	(9,702,000)
Net gain on translation of foreign currencies (Note A)	992,000
Other items—net (principally reversal of the excess portion of the 1969 provision for loss on disposal of facilities)	277,000
Total	$ (8,433,000)

GAF's chlorine-caustic operations were discontinued in September 1971, the ethylene oxide and Calsilite® operations were discontinued in November 1971, and the related production facilities are expected to be disposed of in 1972. The estimated net loss and related costs resulting from the proposed disposal of these facilities and an unused quarry, less a gain on the 1971 sale of certain woodlands, amounted to $9,702,000 as shown in the above summary. The anticipated proceeds upon sale of the

(Notes continued on following page)

applicable facilities amounts to $5,500,000, the major portion of which represents the selling price for the chlorine-caustic facilities specified in a memorandum of agreement, which has been signed by GAF and the prospective purchaser, to enter into a definitive contract.

The following is a summary of the operating loss (income) (see (a) below) of the discontinued operations:

	Year Ended December 31,				
	1971	1970	1969	1968	1967
	(In Thousands of Dollars)				
Net sales	$15,266	$15,224	$14,188	$15,284	$16,288
Cost of products sold	18,051	16,149	13,503	13,574	12,389
Directly related expenses	1,558	1,719	1,661	1,867	1,678
Total	19,609	17,868	15,164	15,441	14,067
Operating loss (income)(a)	$ 4,343	$ 2,644	$ 976	$ 157	$(2,221)

(a) GAF reports its operations on the basis of responsibility accounting, whereby the various lines of business are measured after the assignment of only those items of income and expense for which each line of business is directly responsible. Accordingly, the amounts of operating loss (income) as shown above are before the allocation of interest expense, the cost of functions that serve more than one line of business, miscellaneous expense and income items, and income tax effect.

The statement of consolidated income as previously presented for 1970, 1969, 1968, and 1967 has been restated to show separately the operating loss (income) of operations discontinued in 1971.

During 1970 GAF sold its Texas Amiben production facilities, abandoned its original facility in New Jersey, and renegotiated its Amiben supply contract. Under the arrangements relating to the sale, GAF leased the Texas facility and is continuing to manufacture Amiben for sale to the purchaser. This lease is for ten years, with a five year renewal option, at an annual rental of $150,000.

The extraordinary charge for 1969 relates to the program, initiated in 1969, to discontinue the manufacture and sale of certain products and to dispose of the related production facilities.

Note C:

Earnings per common share were computed by dividing income before extraordinary items and net income, as adjusted for Preferred Stock dividend requirements, by the weighted average number of shares of Common Stock outstanding during each year. The Preferred Stock dividend requirements for 1971, 1970, 1969 and 1968 are the actual dividends paid and for 1967 is the amount required assuming the Ruberoid merger had occurred on January 1, 1967. The computations of earnings per common share also comprehended the assumed exercise of options granted subsequent to May 31, 1969 for the purchase of shares of Common Stock where the effect thereof would be dilutive.

Earnings per common share—assuming full dilution were computed on the assumption (where the effect thereof would be dilutive as to either income before extraordinary items or net income on a per share basis) that the convertible Preferred Stock, 5% Convertible Subordinated Notes (issued in 1969) and 5½% Convertible Subordinated Notes outstanding at the end of each year were converted into shares of Common Stock at the beginning of each year or date of issuance if later, and that the

(Notes continued on following page)

conversions of Preferred Stock into Common Stock which occurred during 1968, 1969 and 1971 had occurred at the beginning of the applicable year. As to the convertible subordinated notes, income before extraordinary items and net income were adjusted for purposes of these computations to eliminate the interest thereon net of its income tax effect. The computations of fully-diluted earnings per common share also comprehended the assumed exercise of options for the purchase of shares of Preferred and Common Stock where the effect thereof would be dilutive.

NOTE D:

A change, as of January 1, 1967, in the method of determining pension costs resulted in a reduction of net income for 1967 of approximately $700,000 ($.05 per common share). Changes, as recommended by GAF's consulting actuary, as of January 1, 1970, of an actuarial assumption and in the method of determining pension costs resulted in an increase in net income for 1970 of approximately $400,000 ($.03 per common share). A further such recommended change as of January 1, 1971 of actuarial assumptions resulted in an increase in net income for 1971 of approximately $300,000 ($.02 per common share).

Deferred income taxes have been provided in recognition of timing differences in reporting depreciation, executive incentive compensation, and sales of production payments relating to asbestos deposits, for income tax and financial statement purposes for each of the years 1967 through 1971. Effective January 1, 1968 GAF also recognized the tax effects of timing differences for other items of expense; this change in practice and other adjustments resulted in an increase in net income for 1968 of approximately $646,000 ($.05 per common share).

As more fully explained in Note G below, a change in the method of accounting for the investment tax credit increased income before extraordinary items and net income for 1971 by $1,068,000 ($.08 per common share, and $.05 per common share—assuming full dilution).

NOTE E:

Interest on borrowed capital is summarized as follows:

	Year Ended December 31,				
	1971	1970	1969	1968	1967
Interest on long-term debt ..	$ 8,218,000	$ 9,409,000	$ 8,506,000	$6,449,000	$4,969,000
Amortization of debt discount and expense	43,000	43,000	45,000	44,000	43,000
Other interest	2,098,000	2,189,000	2,161,000	1,799,000	1,328,000
Total	$10,359,000	$11,641,000	$10,712,000	$8,292,000	$6,340,000

NOTE F:

The following inventory amounts were used in computing cost of products sold:

	December 31,					
	1971	1970	1969	1968	1967	1966
	(In Thousands of Dollars)					
Finished goods	$ 78,405	$ 73,203	$ 76,304	$ 67,988	$ 55,731	$ 46,885
Work in process	33,368	33,755	35,004	31,999	29,470	27,654
Raw materials and supplies	44,631	39,948	40,919	36,945	35,755	31,209
Total	$156,404	$146,906	$152,227	$136,932	$120,956	$105,748

(Notes continued on following page)

Inventories are priced at the lower of cost or market. Cost represents average cost or (as to certain subsidiaries) first-in, first-out cost. Market represents the lower of replacement cost or net realizable value.

Note C:

Effective January 1, 1971 GAF has accounted for the investment tax credit arising since that date as a reduction of the provision for Federal income taxes (the flow-through method). Previously the investment tax credit was deferred and amortized over the estimated service lives of the related assets, and that method is being continued for investment tax credits which arose prior to January 1, 1971. The 1971 change recognizes that, based on previous experience, GAF's earnings are depressed during periods of heavy capital expenditures, as a result of start-up expenses and the non-income producing investment of funds, including those invested in initially excess capacity of facilities. The effect of this change was to increase income before extraordinary items and net income for 1971 by $1,068,000 ($.08 per common share, and $.05 per common share—assuming full dilution). The provision for current Federal income taxes for the year ended December 31, 1971 was reduced by investment tax credit of $1,139,000.

Foreign income taxes included in the provision for Federal and foreign income taxes are as follows:

Year Ended December 31	Amount
1971	$2,356,000
1970	2,142,000
1969	1,005,000
1968	1,038,000
1967	1,303,000

The reduction in net income for 1969 is attributable to a reduced rate of sales growth, particularly evident during the second half of the year, combined with higher depreciation, increased interest costs, higher labor costs and heavier than usual expenses throughout 1969 for new plant start-ups and new product introductions.

The reduction in income before extraordinary items for 1970 is attributable in large part to a decline in sales, especially in the areas of photo products and some of GAF's chemical products, caused by the general decline in the national economy. Income derived from photo products was further affected by increased operating costs incurred in introducing new technology and equipment relating to the manufacture of photographic film and paper. The earnings of GAF's chemical products group were also affected by (i) difficulties encountered in connection with the expansion of GAF's facility in Linden, New Jersey, for the manufacture of chlorine and caustic soda, which caused unanticipated costs and a delay of full utilization of the facility and (ii) reduced purchases during 1970 by GAF's sole customer for Amiben, resulting from such customer having developed an inventory imbalance in such product. (Production of chlorine and caustic soda was discontinued as of September 1971. See Note B to statement of consolidated income.) In addition, GAF implemented a planned reduction in all its inventories. As a result of this inventory reduction program, some chemical and all photo product plants were operated at lower levels, with a consequent effect upon the profitability of such plants.

The increase in income before extraordinary items for 1971 is almost exclusively attributable to an increase in sales and profit margins in the areas of building and floor products and photo products.

Sales of building and floor products were aided by a substantial increase in housing starts and building products also benefited from strong demand for replacement roofing. Major increases in photo product sales were in the consumer photo division, particularly color print film, VIEW-MASTER® products and hardgoods, primarily movie and still cameras. Photo product sales were also favorably affected by the acquisition of certain photo finishing plants and the business and assets relating thereto (see "Certain Significant Developments Since 1965"). The increase in administrative and general expenses resulted from expenses of newly acquired operations, a provision for incentive compensation in 1971 where none was earned in 1970, increased legal and professional fees and normal increases in line with GAF's management development and growth.

THREE MONTH (UNAUDITED) SUMMARY OF INCOME

The following unaudited summary of financial information for the quarters ended April 4, 1971 and April 2, 1972 reflects, in the opinion of GAF, all adjustments considered necessary (consisting only of normal recurring accruals) to present fairly the results of operations for the stated quarterly periods:

	(In thousands of dollars except per share amounts) First Quarter Ended	
	April 4, 1971(a)(b)	April 2, 1972(a)(d)
Gross Revenues	$148,817	$173,868
Net income	3,263	5,181
Earnings applicable to Common Stock after Preferred Stock dividend requirements	2,314	4,230
Earnings per common share(c)	.17	.31
Earnings per common share—assuming full dilution(c)	.17	.28

(a) Interim accounting periods end on Sunday near the quarterly month-end.

(b) Net sales for the quarter ended April 4, 1971 have been restated to show the reduction applicable to the chlorine caustic, ethylene oxide and Calsilite operations discontinued in the latter part of 1971. The operating loss of discontinued operations for the quarter ended April 4, 1971 was approximately $991,000, or $.04 per common share.

(c) See Note C to the Statement of Consolidated Income.

(d) The change in the method of accounting for the investment tax credit, as explained in Note G to the Statement of Consolidated Income, resulted in an increase in net income for the quarter ended April 2, 1972 of approximately $217,000, or $.02 per common share.

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

GAF CORPORATION:

We have examined the statement of consolidated income of GAF Corporation and its consolidated subsidiaries for the five years ended December 31, 1971. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statement of consolidated income appearing in this Prospectus presents fairly the results of operations of the companies for the five years ended December 31, 1971, in conformity with generally accepted accounting principles applied (except for the 1971 changes in methods of accounting for an investment in a 49% owned company and the investment tax credit, which we approve, as explained in Notes A and G to the statement of consolidated income) on a consistent basis.

HASKINS & SELLS

New York, New York
February 11, 1972